

Message Text

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22

ACTION EUR-12

INFO OCT-01 ISO-00 CIEP-01 SAJ-01 SAM-01 IGA-02 AID-05

TRSE-00 OMB-01 EB-07 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

NSCE-00 SSO-00 USIE-00 INRE-00 /071 W

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O 181134Z NOV 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC IMMEDIATE 9246

C O N F I D E N T I A L LISBON 7980

E.O. 11652: GDS

TAGS: PGOV, PFOR, EAID

SUBJ: BALANCE OF PAYMENTS AID

REF: (A) STATE 281789, (B) STATE 282975

1. PORTUGUESE PRESS, RADIO AND TV GAVE HEAVY COVERAGE AFTERNOON AND EVENING OF WEDNESDAY, NOVEMBER 17, TO REPORTS THAT USG PREPARING TO GRANT PORTUGAL SUBSTANTIAL B/P ASSISTANCE. COVERAGE DRAWN LARGELY FROM WIRE SERVICE ACCOUNTS OF SECRETARY'S NOVEMBER 16 PRESS CONFERENCE AT WILLIAMSBURG, VIRGINIA, AND FROM "NEW YORK TIMES" NOVEMBER 17 ARTICLE BY BERNARD GWERTZMAN.

2. FOLLOWING HEAVY PRESS PLAY, PRIME MINISTER SOARES CALLED ME LATE NOVEMBER 17. HE WISHES TO TALK TO ME URGENTLY, BUT WILL BE TRAVELING UNTIL MONDAY. WE AGREED TO LUNCH TOGETHER MONDAY, NOVEMBER 22.

3. SOARES HAD ALREADY RECEIVED A REPORT ON PRESS STORIES FROM PORTUGUESE EMBASSY IN WASHINGTON AND UNDERSTOOD LEAK WAS INADVERTENT. SAID HE HAD ISSUED INSTRUCTIONS TO GOP NOT TO COMMENT.

4. BANK OF PORTUGAL GOVERNOR SILVA LOPES CALLED
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ECONOMIC COUNSELOR NOVEMBER 17 TO REQUEST IMMEDIATE

MEETING. APPOINTMENT SET FOR AFTERNOON OF NOVEMBER 18.
SILVA LOPES UNDOUBTEDLY WISHES TO DISCUSS PRESS REPORTS
OF PENDING USG LOAN.

5. PRESS REPORTS STATE, AND FINANCE MINISTER MEDINA
CARREIRA CONFIRMED, THAT GOP SUBMITTED ITS 1977 BUDGET
AND DEVELOPMENT PLAN TO THE NATIONAL ASSEMBLY ON
NOVEMBER 15 AS SCHEDULED. PRESS ACCOUNTS, HOWEVER,
PROVIDE ABSOLUTELY NO DETAILS OR FIGURES ON GOP SUB-
MISSION. EMBASSY ATTEMPTING TO OBTAIN COPY OF SUBMISSION
FROM MINISTRY OF FINANCE OR FROM ASSEMBLY'S ECONOMIC
COMMITTEE. WILL SUBMIT REPORT ASAP.

6. ACTION REQUESTED: REQUEST AUTHORIZATION TO DISCUSS
LOANS WITH SOARES ON MONDAY. WE THINK GOP MAY HAVE SOME
PROBLEMS DIGESTING CERTAIN ASPECTS OF PROGRAM, AND IT
IS IMPORTANT TO GET WHATEVER DIFFERENCES MAY EXIST
ON THE TABLE AS QUICKLY AS POSSIBLE.
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